

# TOA Paint (Thailand) Public Company Limited

## Management Discussion & Analysis

### For the 1<sup>st</sup> Quarter ended March 31<sup>st</sup>, 2024





- Translation -

No. TOA 13/2024

May 14, 2024

Subject: Management Discussion and Analysis for the three months ended March 31, 2024

To: The President  
The Stock Exchange of Thailand

TOA Paint (Thailand) Public Company Limited (the “Company” or “we” or “our” or “us”) would like to inform management discussion and analysis for its results of operations from the financial statements for the three months ended March 31, 2024 as follows:

## Management Discussion and Analysis

### Results of Operations for the 1<sup>st</sup> Quarter of Year 2024

#### Sales Revenue

Sales revenue for Q1 (3 months) of 2023 and 2024 were THB 5,653.5 million and THB 5,427.7 million, respectively. Sales revenue for Q1 of 2024 decreased by THB 225.8 million or 4.0%, primarily due to the slowdown in domestic economic activities. This was caused by the delay in budget approval from the government, rising interest rates, and high household debt, which affected customer confidence and purchasing power. It also affected the real estate sector and the slowdown in demand for construction materials. Sales of both decorative and non-decorative products declined sequentially and slowed down in all sales channels, especially modern trade.

#### Gross Profit

Gross profit for Q1 (3 months) of 2023 and 2024 were THB 1,858.5 million and THB 1,943.8 million, respectively, representing in gross profit margins of 32.9% and 35.8%, respectively. The higher gross profit margin was primarily attributed to more efficient management of raw materials and production costs, resulting in lower overall average costs.

#### Selling Expenses

Selling expenses for Q1 (3 months) of 2023 and 2024 were THB 659.9 million and THB 679.8 million, respectively. The selling expenses for Q1 of 2024 increased by THB 19.9 million or 3.0%, primarily due to higher sales and marketing employee expenses and advertising expenses.

As a result, the selling expense to sales revenue ratio increased from 11.7% for Q1 of 2023 to 12.5% for Q1 of 2024.

### Administrative Expenses

Administrative expenses for Q1 (3 months) of 2023 and 2024 were THB 380.5 million and THB 399.9 million, respectively. The administrative expenses for Q1 of 2024 increased by THB 19.4 million or 5.1%, primarily due to higher employee expenses.

As a result, the administrative expense to sales revenue ratio increased from 6.7% for Q1 of 2023 to 7.4% for Q1 of 2024.

### Profit for the period

Profit attributable to equity holders of the company for Q1 (3 months) of 2023 and 2024 were THB 632.0 million and THB 804.0 million, respectively. The profit attributable to equity holders for Q1 of 2024 increased by THB 172.0 million or 27.2%, primarily due to higher gross profit. In addition, for Q1 of 2024, the company recorded exchange rate differences and fair value adjustments on financial assets as a gain of THB 149.7 million, compared to a loss of THB 18.6 million for Q1 of 2023.

As a result, the net profit margin increased from 11.1% for Q1 of 2023 to 14.7% for Q1 of 2024.

Income statement (THB million)	For the three months ended March 31,	
	2023 (Restated)	2024
Sales revenue	5,653.5	5,427.7
<b>Total revenues</b>	<b>5,704.5</b>	<b>5,485.2</b>
Cost of sales	3,795.0	3,483.9
Selling and administrative expenses	1,040.4	1,079.7
Gains (Losses) on exchange rates and fair value of financial assets measured at fair value through profit or loss	(18.6)	149.7
<b>Profit before finance cost and income tax</b>	<b>833.2</b>	<b>1,056.4</b>
<b>Profit for the period</b>	<b>632.0</b>	<b>804.0</b>



## Financial Position

### Total Assets

As of December 31, 2023 and as of March 31, 2024, total assets of the company amounted to THB 21,278.7 million and THB 22,874.1 million, respectively. As of March 31, 2024, the company's total assets increased by THB 1,595.4 million, primarily due to an increase in other current financial assets, inventories, cash and cash equivalents, and property, plant, and equipment.

### Total Liabilities

As of December 31, 2023 and as of March 31, 2024, total liabilities of the company amounted to THB 6,460.6 million and THB 7,152.0 million, respectively. As of March 31, 2024, the company's total liabilities increased THB 691.4 million, primarily due to an increase in trade and other payables and income tax payable.

### Total Shareholders' Equity

As of December 31, 2023 and as of March 31, 2024, total shareholders' equity of the company amounted to THB 14,818.1 million and THB 15,722.1 million, respectively. As of March 31, 2024, total shareholders' equity increased by THB 904.0 million, primarily due to an increase in retained earnings as a result of the company's operating performance.

Statement of financial position (THB million)	As of December 31, 2023	As of March 31, 2024
<b>Total assets</b>	<b>21,278.7</b>	<b>22,874.1</b>
Total liabilities	6,460.6	7,152.0
Total shareholders' equity	14,818.1	15,722.1
<b>Total liabilities and shareholders' equity</b>	<b>21,278.7</b>	<b>22,874.1</b>

Please be informed accordingly,

Yours Sincerely,

(Acting Sub Lt. Surasak Mandaeng)

Chief Financial Officer